To the Shareholders of Gulf Oil Corporation

Earnings for the three months ended June 30, 1978 were $175 million, or 90 cents per share, compared with $216 million, or $1.11 per share, during the second quarter of 1977, which was our strongest quarter that year.

During the first half of 1978, earnings totaled $330 million, or $1.69 per share, compared with $382 million, or $1.96 per share, earned during the similar period a year ago.

Revenue of $4.72 billion in the quarter and $9.60 billion in the half compared with revenue of $4.82 billion and $9.67 billion during the respective 1977 periods.

The decline in earnings amounted to 19 percent in the quarter and 14 percent in the six months, while revenue trailed by two percent in the quarter and one percent in the half.

Expressed as a rate of return on our past investments, the Company's return on average employed capital for the 12 months ended June 30 fell to 8.1 percent from 9.7 percent a year earlier, and the return on shareholders' equity dropped to 9.6 percent from 11.4 percent.

Earnings Improve Over the First Quarter

While these declines are disappointing, we are encouraged by the fact that the principal areas of our business, particularly in the United States, showed improvement over the first three months of this year. It should also be pointed out that we have only begun to benefit from the cost-cutting program initiated in late April.

Second-quarter earnings were adversely affected by a squeeze on profit margins in our worldwide refining and marketing operations and by higher net financial charges resulting from a decline in interest income on our investment portfolio coupled with increased debt service charges. First-half earnings were also adversely affected by a sharp decline in foreign crude oil liftings.

Losses attributable to foreign currency translations amounted to $7 million in the second quarter and $4 million in the first half of 1978, compared with losses of $2 million and $15 million in the respective 1977 periods.

U.S. Operations Post Quarterly, Six-Month Declines

U.S. net income declined to $138 million in the second quarter from $162 million a year earlier, and first-half net income of $252 million also trailed the $264 million earned in the first six months of 1977. Nevertheless, U.S. operations contributed 76 percent of Gulf's worldwide profits during the first half of this year, compared with only 69 percent a year earlier.

Operating profits of our U.S. business segments were affected by a number of factors:

- Exploration and production earnings increased slightly in the quarter, but at $251 million for six months, were three percent behind the 1977 level. Higher operating expenses and increased amortization charges on offshore leases more than offset increased revenue from crude oil and natural gas production.
- Benefiting in 1978 from the acquisition of Kewanee Industries, net crude oil production remained essentially flat, averaging 336,000 barrels per day during both six-month periods. Production of natural gas liquids was up eight percent to 69,000 barrels per day.
- Net natural gas production of 1.90 billion cubic feet per day during the first half of the year was two percent higher than the year-earlier output, even though second-quarter 1978 production dipped slightly to 1.86 billion cubic feet per day, reflecting market surpluses in certain producing states where higher, unregulated prices have spurred new development.
- Refining and marketing operations posted a sharp profit decline to $55 million in the second quarter from $81 million a year earlier, but six-month results were off only slightly to $92 million from $97 million a year earlier. Higher product prices have not adequately compensated for increased costs.
- Although refinery runs increased two percent in the quarter to 817,000 barrels per day, refined product sales declined slightly to 754,000 barrels per day, and competitive pressure reduced gasoline sales by three percent.
- U.S. chemical operations earned $23 million in the first half of both 1978 and 1977. A continued deterioration in the prices of aromatics, particularly benzene, and higher manufacturing costs for plastics offset the benefits derived from the acquisition of Kewanee Industries' chemical operations.
- U.S. minerals operations returned to the black in the second quarter as coal production increased 16 percent to 2.6 million tons. However, the miners' strike during the first quarter and increased expenses associated with uranium and oil shale development projects resulted in a $5-million first-half loss.

Canadian Refined Products Sales Decline

Net income in Canada declined 20 percent during the second quarter to $28 million from $35 million a year earlier, although year-to-date earnings were basically unchanged at $58 million. Continued strength in petroleum production and uranium operations was offset by a decline in refined product sales resulting from severe competition in the Eastern Canadian markets.

European operations, also beset by excess refining and marketing capacity and strong competition, continued to post net losses, which were $23 million in the first half compared with a net loss of $13 million a year earlier, when a $19-million profit from reduction of LIFO inventory levels was recorded.

Net income attributable to other foreign operations declined to $28 million from $34 million in the second quarter and dropped to $43 million from $74 million for the half year. Most of the decline was attributable to a 12-percent reduction in foreign crude oil liftings during the first six months, as premium, high-priced West African grades were forced out of the world market by increased volumes of North Sea and Alaskan crudes. Higher exploration activity in West Africa, the Middle East and Far East offset a marked improvement in refining and marketing profits in Korea, where product prices had been restricted during 1977.

Capital Spending is Reduced

Capital and exploration expenditures for the first six months totaled $1.06 billion, down 18 percent from the $1.29 billion spent in the like 1977 period, which included $314 million for the acquisition of several promising leases in the Gulf of Mexico. More than 60 percent of the

1978 total was spent in the U.S. and nearly three-fourths was spent on energy projects throughout the world. While we are reducing our capital and exploration outlays in 1978, it should be obvious that we are still investing tremendous sums to help meet the world's energy needs. So far this year, our spending has outpaced earnings by a factor of three to one.

As part of the Company's previously announced plan to divest its real estate holdings, an agreement was reached in June to sell 3,500 acres of undeveloped land in Reston, Virginia, to a subsidiary of Mobil Corporation. While retiring a sizable portion of the long-term debt of this affiliate, the sale had no impact on earnings.

Baltimore Canyon Well Spudded

Gulf is spending some $10 million this year to participate in four wells in the Baltimore Canyon off the Atlantic Coast of New Jersey. The first well in which we had an interest, on Block 590, was completed as a dry hole in June by Continental Oil Company. We spudded our first wildcat well as an operator on June 10 on Block 857, and by early August had reached a depth of 13,000 feet. Our target depth of 16,000 feet is expected to be reached in early September. Gulf is 50-percent owner of this tract which was acquired for a lease bonus payment of nearly $11 million in the federal lease sale in August 1976. Costs of drilling this well, which is in 349 feet of water, are running $75,000 a day.

In July, Shell Oil Company spudded a well, in which we have a 9.5-percent interest, on Block 273. Also, we tentatively plan to drill a second wildcat later this year on Block 718, in which we have a 50-percent interest. Six exploratory wells are currently being drilled by the industry off the Atlantic Coast. In addition, two wells, including Continental's, have been completed as dry holes.

In the Gulf of Mexico, Vermilion Block 24, which we acquired in the June 1977 lease sale, came on stream as a gas producer in late May.

Gulf Gets SRC II Contract

On July 10, The Pittsburg & Midway Coal Mining Co., a Gulf subsidiary, was awarded a contract by the Department of Energy (DOE) to design and possibly build and operate the nation's first demonstration-size plant to convert high-sulfur coal to a clean burning liquid fuel using the Solvent Refined Coal (SRC II) process. If built, the plant will be located near Morgantown, West Virginia. The first quantities of synthetic fuel oil could be produced by 1983.

The SRC II contract demonstrates that government and industry can effectively work together in an effort to reduce imports of foreign petroleum. In developing this process, the DOE, its predecessor agencies and Gulf have invested more than $100 million since 1962. Since 1974, we have operated the DOE's pilot plant in Fort Lewis, Washington, and have produced some 6,000 barrels of SRC II fuel oil.

The initial $6-million design phase of the contract will require up to 12 months to complete. If it proves satisfactory, the DOE will consider authorizing subsequent phases including the construction and operation of the first demonstration module at an estimated cost of $650 million to $700 million. However, since the demonstration plant will not be a commercial venture, Gulf's required investment will be relatively small compared to the total cost. The actual amount will be determined by negotiations with the DOE.

The demonstration plant would convert 6,000 tons of coal each day to the energy equivalent of 20,000 barrels of fuel oil. If successful, five of the demonstration modules could be linked together to form a commercial-sized plant capable of producing the equivalent of 100,000 barrels of fuel each day from 30,000 tons of coal.

Legal Matters Reported

During the past several months, several significant events have occurred in the legal and contractual proceedings involving uranium litigation and petroleum pricing matters. These are discussed more fully on the last page of this report.

In one case, which received considerable publicity, the Company agreed to make a payment to the U.S. Treasury to settle alleged overcharges on crude oil imported during the Arab embargo nearly five years ago. At the time, Gulf substantially increased its imports of non-Arab oil to help alleviate the petroleum shortage. A year later, the Federal Energy Administration retroactively established price "norms" for imports during what had been a period of great market turmoil and confusion. Although the Company's average import price was below the formula level, the government did not recognize this and instead disallowed those prices which were above the norm. Gulf maintains that there was no intent to overcharge and that the prices charged the Company's refineries were comparable to those charged in arms-length, third-party transactions. We remain convinced that the oil imported at the time could have been sold at much higher prices in the international market. Despite the merits of our case, the legal avenues for appeal did not appear to offer sufficient hope of success to warrant the risk of a much greater loss.

Board Action

At a meeting on July 11, 1978, your Board of Directors declared a regular quarterly dividend of 47½ cents per share, payable September 8, 1978, to shareholders of record at the close of business August 4, 1978.

Respectfully submitted,

Jerry McAfee
Chairman of the Board

James E. Lee
President

August 8, 1978

Consolidated Statement of Income and Retained Earnings

	Millions of Dollars (Unaudited)			
	Three Months Ended June 30		Six Months Ended June 30	
	1978	1977	1978	1977
REVENUES				
Sales and other operating revenues				
United States	$ 2,280	$ 2,108	$ 4,624	$ 4,238
Canada	622	624	1,278	1,243
Europe	584	550	1,217	1,110
Other Foreign	1,180	1,479	2,384	2,973
	4,666	4,761	9,503	9,564
Interest income	31	43	59	83
Equity in earnings	9	1	18	12
Other revenues	10	13	20	12
	4,716	4,818	9,600	9,671
DEDUCTIONS				
Purchased crude oil and products	2,443	2,570	5,168	5,333
Operating expenses	448	377	834	731
Selling, general and administrative expenses	380	334	746	670
Consumer excise taxes	450	447	875	847
Sales, use, ad valorem and other taxes	136	122	268	241
Depreciation, depletion, amortization and retirements	204	166	401	313
Exploration and dry hole expenses	99	108	215	211
Department of Energy entitlements	49	59	110	108
Interest on long-term financing	31	27	61	56
Income applicable to minority interests	12	15	24	24
	4,252	4,225	8,702	8,534
INCOME BEFORE TAXES ON INCOME	464	593	898	1,137
TAXES ON INCOME				
United States	38	53	63	99
Foreign	251	324	505	656
	289	377	568	755
NET INCOME	175	216	330	382
RETAINED EARNINGS AT BEGINNING OF PERIOD	6,254	5,878	6,192	5,800
CASH DIVIDENDS	(92)	(87)	(185)	(175)
RETAINED EARNINGS AT END OF PERIOD	$ 6,337	$ 6,007	$ 6,337	$ 6,007
PER-SHARE DATA				
Net income	$ .90	$ 1.11	$ 1.69	$ 1.96
Cash dividends	$ .475	$ .45	$ .95	$ .90
WEIGHTED AVERAGE SHARES OUTSTANDING (in thousands)			194,995	194,939

Capital and Exploration Expenditures

	Millions of Dollars (Unaudited)			
	Three Months Ended June 30		Six Months Ended June 30	
	1978	1977	1978	1977
United States				
Exploration and development	$ 253	$ 563	$ 485	$ 793
Other	88	117	180	188
Foreign				
Exploration and development	171	116	294	205
Other	53	60	102	108
	$ 565	$ 856	$ 1,061	$ 1,294

Consolidated Statement of Financial Position

	(Unaudited) Millions of Dollars June 30 1978	1977
ASSETS		
Current assets		
Cash and marketable securities	$ 1,144	$ 2,093
Receivables	2,308	2,214
Inventories	1,385	1,268
Prepaid expenses	82	60
Total current assets	4,919	5,635
Properties	8,730	7,368
Investments and long-term receivables	664	652
Deferred charges	50	44
TOTAL ASSETS	$14,363	$13,699
LIABILITIES		
Current liabilities		
Accounts payable	$ 2,151	$ 2,028
Notes payable and current long-term debt	316	105
Lease bonus payable to United States government	—	251
Accrued United States and foreign income taxes	417	426
Other current liabilities	1,092	1,227
Total current liabilities	3,976	4,037
Long-term debt	1,497	1,280
Deferred production payment proceeds	101	123
Deferred income taxes	670	546
Other long-term liabilities	191	150
Minority interests	447	412
TOTAL LIABILITIES	6,882	6,548
SHAREHOLDERS' EQUITY		
Capital stock—authorized 300,000,000 shares, without par value; issued 211,910,826 shares stated at	883	883
Paid-in capital	697	698
Retained earnings	6,337	6,007
	7,917	7,588
Less 16,913,970 and 16,960,338 shares, respectively, in treasury, at cost	436	437
TOTAL SHAREHOLDERS' EQUITY	7,481	7,151
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$14,363	$13,699

Consolidated Statement of Changes in Financial Position

	(Unaudited) Millions of Dollars Six Months Ended June 30 1978	1977
FUNDS PROVIDED BY:		
Net income	$ 330	$ 382
Noncash income items	464	384
Funds from operations	794	766
New financing including production payment proceeds	241	181
Reduction of investments and long-term receivables	54	33
Proceeds from sales of properties	48	27
Other—net	2	6
	1,139	1,013
FUNDS USED FOR:		
Properties and business investments	846	1,083
Dividends	185	175
Reduction of long-term debt and production payments	69	63
Increases in investments and long-term receivables	51	82
	1,151	1,403
(DECREASE) IN WORKING CAPITAL	(12)	(390)
LESS INCREASE (DECREASE) IN NONCASH WORKING CAPITAL	8	(494)
(DECREASE) INCREASE IN CASH AND MARKETABLE SECURITIES	$ (20)	$ 104
CASH AND MARKETABLE SECURITIES AT END OF PERIOD	$ 1,144	$ 2,093

Geographic and Related Business Segment Financial Data

Millions of Dollars (Unaudited)

	Operating Revenues Six Months Ended June 30		Segment Operating Profit (Loss) Three Months Ended June 30		Segment Operating Profit (Loss) Six Months Ended June 30	
	1978	1977	1978	1977	1978	1977
UNITED STATES						
Petroleum—Exploration & production	$1,161	$1,070	$ 135	$ 131	$ 251	$ 260
—Refining & marketing	3,749	3,658	55	81	92	97
Chemicals	601	394	15	18	23	23
Minerals	53	55	1	(2)	(5)	(2)
Nuclear (equity)			(3)	(4)	(4)	(7)
	5,564	5,177	203	224	357	371
Non-operating items*			(65)	(62)	(105)	(107)
United States net income			138	162	252	264
CANADA						
Petroleum—Exploration & production	268	253	58	59	113	112
—Refining & marketing	1,121	1,087	6	16	16	27
Chemicals	81	68	2	2	5	7
Minerals	22	24	7	10	13	15
	1,492	1,432	73	87	147	161
Non-operating items*			(45)	(52)	(89)	(104)
Canada net income			28	35	58	57
EUROPE						
Petroleum—Exploration & production	2	1	(6)	(8)	(9)	(15)
—Refining & marketing	1,175	1,099	(13)	(10)	(15)	(10)
Chemicals	112	96	2	—	4	3
	1,289	1,196	(17)	(18)	(20)	(22)
Non-operating items*			(2)	3	(3)	9
Europe net income			(19)	(15)	(23)	(13)
OTHER FOREIGN						
Petroleum—Total (includes international marine)	4,215	4,913	261	333	505	671
Taxes on income			(227)	(292)	(456)	(594)
			34	41	49	77
Chemicals	65	42	2	1	4	2
	4,280	4,955	36	42	53	79
Non-operating items*			(8)	(8)	(10)	(5)
Other Foreign net income			28	34	43	74
Eliminate intergeographic and intersegment revenues	(3,122)	(3,196)				
Total operating revenues	$9,503	$9,564				
Total net income			$ 175	$ 216	$ 330	$ 382

*Includes earnings of equity companies; minority interests; taxes on income, other than those imposed by other foreign oil producing countries; and corporate and financial items.

Worldwide Operations

	Three Months Ended June 30		Six Months Ended June 30	
	1978	1977	1978	1977
Net crude oil and natural gas liquids produced (daily average barrels)				
United States				
Net crude oil produced	336,000	339,000	336,000	336,000
Net natural gas liquids produced	68,000	69,000	69,000	64,000
Total United States	404,000	408,000	405,000	400,000
Canada				
Net crude oil produced	64,000	67,000	65,000	67,000
Net natural gas liquids produced	9,000	11,000	9,000	11,000
Total Canada	73,000	78,000	74,000	78,000
Europe	3,000	2,000	3,000	2,000
Other Foreign				
Kuwait—Long-term purchases	423,000	394,000	413,000	417,000
Iran—Long-term purchases	279,000	295,000	275,000	318,000
Nigeria—Equity	160,000	136,000	151,000	138,000
—Participation purchases	34,000	90,000	52,000	96,000
Angola—Equity	41,000	125,000	46,000	131,000
—Participation purchases	41,000	—	45,000	—
Venezuela—Long-term purchases	70,000	99,000	68,000	96,000
Zaire	10,000	11,000	10,000	11,000
Gabon	2,000	3,000	2,000	3,000
Total Other Foreign	1,060,000	1,153,000	1,062,000	1,210,000
Total	1,540,000	1,641,000	1,544,000	1,690,000
Net natural gas produced (thousand cubic feet per day)				
United States	1,863,000	1,902,000	1,901,000	1,855,000
Canada	278,000	313,000	289,000	319,000
Total	2,141,000	2,215,000	2,190,000	2,174,000
United States imports (daily average barrels)				
Crude	365,000	334,000	353,000	371,000
Products	36,000	20,000	35,000	26,000
Crude oil processed (daily average barrels)				
United States	817,000	801,000	819,000	828,000
Canada	309,000	333,000	324,000	337,000
Europe	370,000	317,000	374,000	356,000
Other Foreign	210,000	222,000	210,000	212,000
Total	1,706,000	1,673,000	1,727,000	1,733,000
Refined products sold (daily average barrels)				
United States	754,000	759,000	814,000	807,000
Canada	262,000	283,000	282,000	288,000
Europe	307,000	303,000	329,000	320,000
Other Foreign	221,000	250,000	233,000	247,000
Total	1,544,000	1,595,000	1,658,000	1,662,000
Chemicals sold—worldwide (millions of pounds)	2,980	2,670	5,730	5,160
Coal mined—United States (thousands of tons)	2,610	2,250	3,720	4,260
Uranium produced (thousands of pounds)				
United States	100	—	200	—
Canada	780	680	1,380	1,230
Total	880	680	1,580	1,230

Total operating data includes 100% of volumes of all consolidated subsidiaries (more than 50% owned) and equity interest in companies owned 50% or less.

Income Taxes

Total income tax expense was $289 million and $568 million for the three and six-month periods ended June 30, 1978, equating to effective tax rates of 62 and 63 percent. This compares with total income tax expense of $377 million and $755 million for the comparable 1977 periods which equated to effective tax rates of 64 and 66 percent. These decreases primarily reflect lower taxes in Angola due to reduced equity production under the participation agreement and lower U.S. taxes primarily due to lower income subject to U.S. taxes.

Department of Energy Settlement

On July 26, 1978, the Company and the Department of Energy (DOE) entered into a consent order settling all issues involved in the proposed disallowance by the DOE of the landed cost of certain foreign crude oils imported by the Company between October 1973 and May 1975. Under the settlement, the Company has agreed to pay $42.2 million to the U.S. Treasury covering any possible overcharges which may have occurred. The payment will not adversely affect 1978 earnings since adequate provision was made in prior years.

Nuclear Partnership and Uranium Litigation

As previously reported, since 1974 efforts by certain uranium suppliers to avoid fulfilling their contracts with General Atomic Company, the 50-50 partnership of Gulf and a Royal Dutch/Shell subsidiary, have resulted in extensive litigation with such suppliers. Contracts for the purchase of 36 million pounds of uranium by General Atomic at an average price of $10 per pound are presently in litigation. On the other side, General Atomic has contracts (or alleged contracts) with various electric utilities for the sale of 23 million pounds of uranium at an average price of $12 per pound. General Atomic is presently litigating claims that it is committed to sell 13 million of the 23 million pounds at an average price of $10 per pound. The average prices referred to above reflect the base price plus escalation to date. Prices for uranium in the open market have recently been about $44 per pound.

The status of the uranium litigation was discussed in the Notes to Financial Statements included in Gulf's 1977 Annual Report and in the Notes of the Report to Shareholders for the first quarter of 1978. The factual and legal issues in these cases are complex and interrelated. In seeking to avoid their contracts, the suppliers generally allege fraud, commercial impracticability, mutual mistake and violation of antitrust laws (particularly Gulf's involvement in a foreign uranium marketing arrangement or "cartel"*). The electric utilities generally maintain that General Atomic is not excused from its commitments to them for any reason, including nonperformance by the suppliers.

Proceedings in these cases are at various stages. Trial has commenced in only the principal supplier suit—the one with United Nuclear Corporation involving 22 million pounds of the uranium—and was halted without litigating the merits of the case last March when the New Mexico state court rendered a default judgment against General Atomic because in the court's view it did not furnish certain documents and information. It is General Atomic's position that these documents and information were either furnished or could not be furnished because of prohibitions of Canadian law. In substance, the effect of subsequent orders based on the default judgment is to void United Nuclear's uranium supply contracts, to establish damages in favor of United Nuclear and an electric utility aggregating $22 million and to direct General Atomic's specific performance of its contract with such utility for the delivery of uranium and for the fabrication of nuclear fuel at an additional cost of $19 million. General Atomic has appealed the trial court's actions to the New Mexico Supreme Court. Pending the outcome of the appeal, Gulf has not made any provision for its share of the possible loss. Gulf, with the concurrence of outside counsel, continues to believe that General Atomic has relevant and meritorious defenses to the United Nuclear suit and ultimately ought to substantially prevail. However, there is no assurance that the trial court will be reversed on appeal or that, if it is reversed, General Atomic will succeed in a trial on the merits. Apart from its appeal, General Atomic has taken steps to pursue an arbitration proceeding of the United Nuclear dispute after the New Mexico trial court's order blocking arbitration was overturned by the United States and New Mexico Supreme Courts in June. It is not presently possible to predict the course or outcome of the arbitration proceeding or its effect on the litigation.

The outcome of the uranium disputes will largely determine General Atomic's long-term uranium requirements and its ability to meet its obligations to the electric utilities. The sales contracts with the utilities call for deliveries at various levels through 1988. Pending resolution of these disputes, General Atomic expects that through 1980 it faces a uranium shortage of up to 3.5 million pounds, which at current market prices would cost $112 million in excess of sales revenues from the utilities. After recent discussions with its Royal Dutch/Shell partner, Gulf has agreed to use its best efforts to supply General Atomic with sufficient quantities of uranium from its existing production sources to substantially cover such shortage. Although General Atomic's selling prices to the electric utilities will be significantly below current market prices, Gulf does not expect to incur a significant loss or gain on a consolidated basis because Gulf's projected after-tax costs are not expected to exceed the average of such selling prices. However, Gulf will not realize the substantial profit which otherwise might have resulted if such uranium were sold at current market prices during 1979 and 1980.

Gulf is providing the uranium to cover General Atomic's 1979-80 shortage in the expectation that the economic impact of doing so will eventually be borne by General Atomic. On the other hand, Royal Dutch/Shell has stated that it expects Gulf to be fully responsible for any economic impact of the uranium litigation on General Atomic which might result from antitrust allegations against Gulf. Pending the resolution of this difference, the partners concur in the method of handling General Atomic's interim uranium shortage and are endeavoring to reach satisfactory solutions concerning their respective responsibilities in the overall uranium litigation.

In a significant procedural development in the lawsuit brought against Gulf by Westinghouse Electric Corporation, the U.S. Court of Appeals for the Seventh Circuit ruled on July 25 that Westinghouse must choose between dismissing the Company and two other oil company defendants from the case or discharging the law firm of Kirkland and Ellis as its attorney in the case. The decision reversed a lower court order. Gulf and the two oil company defendants contended that Kirkland and Ellis had confidential information about their uranium business by having represented the American Petroleum Institute in Congressional hearings on uranium matters.

**After a Federal Grand Jury had concluded an 18-month investigation of the cartel without indicting Gulf, the U.S. Department of Justice filed a misdemeanor information against the Company charging anticompetitive actions under the Sherman Act. In June, Gulf, without admitting guilt, pleaded nolo contendere ("no contest") to this charge and was fined $40,000.*

Gulf Oil Corporation

Gulf Building, Pittsburgh, Pennsylvania 15230

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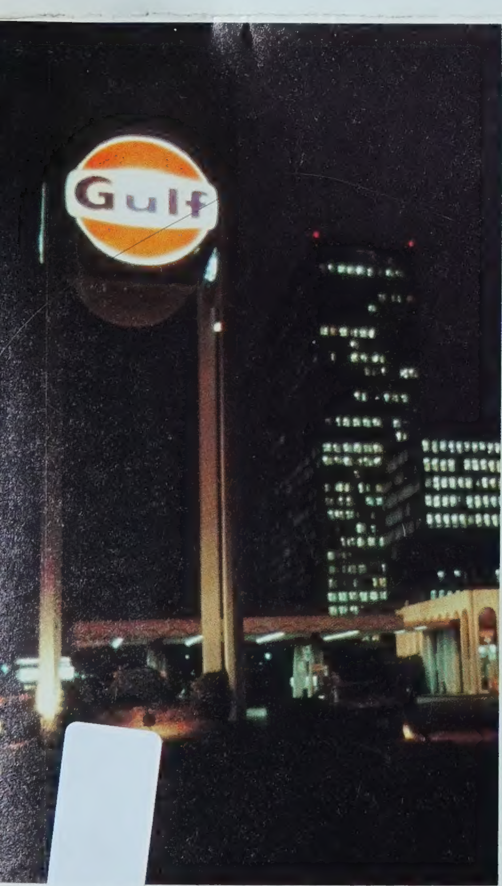

2 Report to Shareholders

for the six months
ended June 30, 1978